

October 29, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE AND AUTHORIZE EXECUTION OF A "CONSENT LETTER"
TRANSFERRING THE CABLE TELEVISION FRANCHISE FOR THE LOS
ANGELES UNINCORPORATED AREA OF STEVENSON RANCH FROM
STRATEGIC TECHNOLOGIES, INC. TO TIME WARNER ENTERTAINMENT
COMPANY, L.P.; ADOPT THE ATTACHED ORDINANCE**

(5TH DISTRICT) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Director of the Department of Consumer Affairs to execute a "Consent Letter" substantially similar in form to the attached "Consent Letter", approving the transfer of the cable television franchise for the Stevenson Ranch unincorporated area from Strategic Technologies, Inc. to Time Warner Entertainment Company, L.P. ("Time Warner").
2. Approve the attached ordinance that reflects the transfer of the cable television franchise from Strategic Technologies, Inc. to Time Warner Entertainment Company, L. P.
3. Find the cable television franchise amendment is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e), of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

PURPOSE / JUSTIFICATION OF RECOMMENDED ACTION

Strategic Technologies, Inc. has requested approval of a transfer of the cable television franchise holder to Time Warner. The County's Master Cable Television Franchise Ordinance (Title 16, Division 4 of the County Code) provides that the proposed transfer must be approved by the County.

Previously, Los Angeles County Code §16.60.170 vested the Director of the Department of Consumer Affairs with the authority to grant consent or deny applications for transfers and changes of controls in cable television franchises when there were no material additions to the franchise. However, on September 14, 1999, your Board directed that all such applications be presented to you for approval or disapproval. This action is in accord with this direction.

Approval of the "Consent Letter" authorizes the transfer of the cable television franchise to Time Warner in accordance with Los Angeles County Code §16.60.170 and 47 U.S.C. §537 and within the time limit specified in 47 CFR §76.502.

Los Angeles County Code Section 16.60.170(c) states that the consent to a proposed transfer or change in control "shall be refused only if the director finds that the franchisee is in noncompliance with terms and conditions of the franchise and/or that the transferee is lacking in experience and/or financial ability to operate the cable television system authorized by the franchise."

The Auditor-Controller has reviewed the financial capability of Time Warner and does not object to the transfer to Time Warner. The Internal Services Department has reviewed the technical specifications provided and does not object to the transfer to Time Warner. The Department of Consumer Affairs has reviewed the franchise for noncompliance and has determined that there are no issues that would prevent the proposed transfer.

The attached "Consent Letter" requires Time Warner to comply with all of the terms and conditions of the cable television franchise, the County's Master Cable Television System Franchise Ordinance (Title 16, Division 4 of the County Code) and the provisions of the "Consent Letter". Any further assignment or change in control of 25% or more ownership of the cable television franchises will require the additional consent of the County.

The attached ordinance codifies the transfer to Time Warner of the cable television franchise in the unincorporated area of Stevenson Ranch.

Implementation of the Strategic Plan Goals

Approval of this recommendation will assist in implementing the Department's Strategic Plan goals to place emphasis on service delivery and fiscal responsibility. This will ensure the continuation of revenue provided to the County by statute.

FISCAL IMPACT/FINANCING

There will be no cost to the County. This cable television franchise generates revenue to the County. Section 622 (b) of the Cable Act of 1984 (47 U.S.C. §542 (b)), gives the County the right to collect franchise fees of no more than five percent (5%) of total gross revenues collected by a cable television franchisee over a 12-month period. The County is collecting the maximum allowable fees and the transfer of the cable television franchise will not effect the collection of these fees.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Office of the County Counsel has reviewed the attached "Consent Letter" and ordinance and approved them as to form.

ENVIRONMENTAL DOCUMENTATION

The transfer of the cable television franchise is categorically exempt under CEQA pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b)(3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current services. Time Warner will continue to provide cable television service to the residents of the Stevenson Ranch unincorporated area.

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CONCLUSION

It is requested that the Executive Office-Clerk of the Board notify Mr. Tom Feige, President, Time Warner Communications, 959 South Coast Drive, Suite 300, Costa Mesa, CA 92626, of the Board's action in this matter. It is also requested that conformed copies be forwarded to County Counsel, the Department of Public Works, the Auditor-Controller, and the Department of Consumer Affairs, Cable Television Franchising Division.

Respectfully submitted,

Pastor Herrera, Jr. Director

PHJ:FT:EL

Attachments

c: Chief Administrative Officer
 Executive Officer, Board of Supervisors
 Auditor-Controller
 County Counsel
 Department of Public Works
 Internal Services Department

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October 29, 2002

DOC. NO. CA 02-03

Via Fax and Certified Mail

Mr. Tom Feige, President
Time Warner Communications
959 South Coast Drive, Suite 300
Costa Mesa, CA 92626

**CONSENT OF THE COUNTY OF LOS ANGELES TO THE
TRANSFER OF THE CABLE TELEVISION FRANCHISE FOR THE
STEVENSON RANCH UNINCORPORATED AREA OF LOS
ANGELES COUNTY FROM STRATEGIC TECHNOLOGIES, INC.
TO TIME WARNER ENTERTAINMENT COMPANY, L.P.**

Dear Mr. Feige:

The County of Los Angeles ("County") granted a franchise to operate a cable television system in the Stevenson Ranch unincorporated area (Ord. No. 88-0164F; "the Cable Television Franchise") to Strategic Technologies, Inc. ("Strategic").

On June 28, 2002, the County received an FCC Form 394, together with associated exhibits and accompanying documents ("the Transfer Application") for a transfer of the Cable Television Franchise from Strategic to Time Warner Entertainment Company, L.P. ("Time Warner" or "Transferee" or "Franchisee"). Time Warner also submitted the fee required by Subsection 16.62.025(A) of the County Code for processing the application. The County has found the Transfer Application sufficient with respect to the informational requirements contained in Section 16.60.170 of the County Code.

Therefore, the County hereby consents to the transfer of the Cable Television Franchise subject to the following terms and conditions:

- (1) Time Warner or any affiliate or subsidiary shall not contest the County's assertion that it has "rendered a final decision" within the meaning of 47 U.S.C. §537, and within the original 120-day review period and in the manner required by 47 U.S.C. §537 and 47 CFR §76.502.

- (2) The County's consent to the transfer of the Cable Television Franchise to Time Warner shall be voidable at the discretion of the County if the proposed transfer is not completed by June 30, 2003, on terms and conditions substantially as set forth in the Transfer Application and this "Consent Letter" and associated Ordinance adopted by the Los Angeles County Board of Supervisors transferring the Cable Television Franchise to Time Warner.
- (3) The County reserves all rights not expressly granted in this consent. This consent shall not manifest a waiver or release of any right, privilege or power held by the County, whether arising before or after the date(s) of the transfer of the Cable Television Franchise, unless such a waiver or release is stated expressly in this consent. The granting of this consent shall not, except as expressly provided herein: (i) limit the County's right to require compliance with the terms of the Cable Television Franchise; or (ii) waive, diminish or otherwise adversely affect any right the County has or will have with respect to any matter, including, but not limited to, any renewal of the Cable Television Franchise or the County's rights to consider with respect to any cable television franchise renewal application, past or future breaches of the Cable Television Franchise; or (iii) increase any of the Franchisee's obligations under the Cable Television Franchises.
- (4) Pursuant to Subsection 16.60.170(A)(4), the County shall adopt an ordinance, that is substantially similar in form and substance to the attached ordinance (Attachment II) which transfers the Cable Television Franchise to Time Warner.
- (5) This consent letter shall not relieve Franchisee or any other successor entity holding the Cable Television Franchise of any existing requirement, provision, or liability contained in or arising from: the Los Angeles County Code; any Federal or State law; any Federal, State, or County rule, regulation, or specification; or the Cable Television Franchise.

- (6) This consent shall not be construed to grant or imply the County's consent to any other future transfer or transaction requiring the County's consent pursuant to the Cable Television Franchise, the County Code, or any applicable federal or state statute or rule. Except to the extent provided in Subsection 16.60.170(B) of the County Code, neither the Cable Television Franchise, in whole or in part, nor any portion of the cable television systems, in whole or in part, shall be sold, transferred, assigned, leased, hypothecated, placed in trust, or made the object of a change in control, without the filing of a prior written application with the County and the obtainment of the County's prior written consent to such a transaction.
- (7) The County is consenting to the transfer of the Cable Television Franchise on the basis of information in and accompanying the Transfer Application as well as information provided during the County's consideration of the Transfer Application. If any material change has occurred or occurs which supersedes the information submitted, or if the transfer of the Cable Television Franchise is not completed in material accordance with the prior submitted information, Franchisee shall inform the County in writing within thirty (30) days after such material change. If the County, in its reasonable discretion, determines that (i) such material change has an adverse effect on the ability of Franchisee to fully perform the obligations set forth in this consent or to fully perform the obligations under the Cable Television Franchise; or (ii) such material change involves the ultimate transfer of the Cable Television Franchise to a third party other than Time Warner, then further prior written consent of the County shall be required, in a manner consistent with Section 16.60.170 of the County Code.
- (8) Within thirty (30) days of the transfer of the Cable Television Franchise by the adoption of the Consent Letter and associated Ordinance by the County, Franchisee shall deliver to the County:
 - A. Written notification of the closing of the pending transaction;

- B. Express and unconditional acceptance executed by Franchisee, of the lawful and applicable terms and conditions of the Cable Television Franchise, the Los Angeles County's Master Cable Television System Franchise Ordinance, incorporated in Title 16, Division 4 of the Los Angeles County Code, in its most current form and as it may be subsequently modified or amended by Los Angeles County in the reasonable exercise of its police powers, and this Consent Letter. (Attachment I)
 - C. A revised proof of insurance fully complying with the requirements of the Cable Television Franchise and the Los Angeles County Code and which references the Franchise and corresponding ordinance number, as amended, and identifies the new Franchisee as the insured.
 - D. Performance bonds fully complying with the requirements of the Cable Television Franchise and the Los Angeles County Code and that references the Cable Television Franchise and corresponding ordinance numbers, as amended, and identifies Time Warner as Franchisee.
- (9) Franchisee shall ensure that all customer notices, rate cards, channel lineups, service orders, brochures, work orders and other miscellaneous documents for the Cable Television Franchise are in full compliance with applicable County Code, State law and Federal law and regulations.
- (10) Franchisee shall continue and shall not fail to meet the obligations pertaining to Public, Educational and Governmental Access Support contained in the Cable Television Franchise.
- (11) If any term, condition, or provision of this consent shall, to any extent, be held invalid, preempted, or unenforceable, the remainder of this consent shall be valid in all other respects and continue to be effective.

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- (12) If any of the material terms and conditions specified in this consent are not fully agreed to and/or satisfied within the specified periods of time, such failure shall constitute a failure to comply with a material provision of the Cable Television Franchise and shall allow Los Angeles County to pursue all remedies available under the Cable Television Franchise and Title 16, Division 4 of the Los Angeles County Code.

Sincerely,

Pastor Herrera, Jr.
Director

PHJ:FT:EL

Attachments

c: Supervisor Gloria Molina, First District
Supervisor Yvonne Brathwaite Burke, Second District
Supervisor Zev Yaroslavsky, Third District
Supervisor Don Knabe, Fourth District
Supervisor Michael D. Antonovich, Fifth District
Chief Administrative Officer
Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Department of Public Works
Internal Services Department

APPROVED AS TO FORM
BY COUNTY COUNSEL

LLOYD W. PELLMAN

BY: _____
Deputy County Counsel

“ATTACHMENT I” TO A OCTOBER 29, 2002 “CONSENT LETTER”

**Cable Television Franchisee Reaffirmation and Acceptance of the
Cable Television Franchise, the Master Cable Television System
Franchise Ordinance (Title 16, Division 4 of the Los Angeles County
Code) and the attached “Consent Letter”**

Time Warner Entertainment Company, L.P. as holder of cable television franchise in the Stevenson Ranch unincorporated area (Ord. No. 88-0164F); (the “Cable Television Franchise”) hereby agrees to abide by and/or satisfy, to the maximum extent required by law, the terms and conditions of: (i) the Cable Television Franchise; (ii) Title 16, Division 4 of the Los Angeles County Code (the “Master Cable Television System Franchise Ordinance”) in its most current form and as it may be subsequently modified or amended by Los Angeles County in the reasonable and lawful exercise of its police powers; and (iii) the attached “Consent Letter”.

Time Warner Entertainment Company, L.P. warrants and represents that this “Attachment I”, is executed by two persons lawfully authorized to act on behalf of it and to bind it with respect to the Cable Television Franchise. All terms and conditions contained in the attached “Consent Letter” dated October 29, 2002 are legally binding obligations of the Cable Television Franchise.

TIME WARNER ENTERTAINMENT COMPANY, L.P.

NAME: _____

TITLE: _____ DATE: _____

And

NAME: _____

TITLE: _____ DATE: _____

Note: All Signatures Must Be Acknowledged Before A Notary Public

Attachment II

ORDINANCE NO. _____

An ordinance transferring from Strategic Technologies, Inc. to Time Warner Entertainment Company, L.P. a franchise to provide cable television service in the Stevenson Ranch unincorporated area.

The Board of Supervisors of the County of Los Angeles ordains as follows:


SECTION 1. Section 1 of Ordinance No. 88-0164F is hereby amended to read as follows:

Section 1. Pursuant to Section 53066 of the Government Code of the State of California, the right, privilege and franchise is granted to Time Warner Entertainment Company, L.P. ~~Stevenson Ranch Cable Inc., ("Franchisee")~~, to construct from time to time and for the period of fifteen (15) years from the effective date of this ordinance through November 3, 2003, to construct, reconstruct, maintain and to operate a Cable Television System (hereinafter called "System") in the unincorporated ~~territory~~ Service Area of the County of Los Angeles, ~~and to maintain, operate, renew, repair, and remove in the Service Area or Areas,~~ described in Section 2 below, and to construct, reconstruct, maintain, operate, renew, repair, and remove in this Service Area radio and television signal transmission lines and cables and all appurtenances and/or service connections (hereinafter jointly referred to as "Facilities") which are necessary or convenient for the provision of a System. ~~Ssaid grant being~~ is subject to the faithful performance and observance by Franchisee of all the terms and conditions herein.

ANALYSIS

This ordinance reflects a transfer of the cable television system franchise for the Stevenson Ranch unincorporated area, granted by Ordinance No. 88-0164F, to Time Warner Entertainment Company, L.P.

LLOYD W. PELLMAN
County Counsel

By 
LILLIAN D. SALINGER
Deputy County Counsel
Public Works Division

LDS:jn

10/1/02 (Requested)
10/7/02 (Revised)

ORDINANCE NO. _____

An ordinance reflecting a transfer of the cable television system franchise for the Stevenson Ranch unincorporated area, granted by Ordinance No. 88-0164F, to Time Warner Entertainment Company, L.P.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 1 of Ordinance No. 88-0164F is hereby amended to read as follows:

Section 1. Pursuant to Section 53066 of the Government Code of the State of California, the right, ~~priviledge~~privilege, and franchise is granted to ~~Stevenson Ranch Cable Inc.,~~ Time Warner Entertainment Company, L.P. ("Franchisee"), ~~to construct from time to time and for the period of fifteen (15) years from the effective date of this ordinance, through November 3, 2003, to construct, reconstruct, maintain, and to~~ operate a Cable Television System (hereinafter called "System") in the unincorporated ~~territory~~Service Area of the County of Los Angeles, ~~and to maintain, operate, renew, repair, and remove in the Service Area described in Section 2 below, and to construct, reconstruct, maintain, operate, renew, repair, and remove in this Service Area~~ radio and television signal transmission lines and cables and all appurtenances and/or service connections (hereinafter jointly referred to as "Facilities") which are necessary or convenient for the provision of a System. Ssaid grant beingis subject to the faithful performance and observance by Franchisee of all the terms and conditions herein.

[TimeWarnerStevensonRanchTransferLSCOC]